



OFFICE OF THE GOVERNOR
ROD R. BLAGOJEVICH – GOVERNOR

State of the State and Fiscal Year 2009 Budget Address
Governor Rod R. Blagojevich

In a time of economic challenge, it is our challenge to offer a way forward. Times are tough. People are worried. But there are solutions. I am here to talk about the state of the state and to present a budget. But how do you talk about the state of Illinois without first talking about the state of the nation?

Today, we are a country at war. Leading economists warn of a recession, unemployment is up, more and more Americans find themselves without health care, and many families face the very real possibility of losing their homes.

In America the promise of the American Dream is a promise that is getting harder to keep. In Illinois we are guiding a ship in the midst of a storm. But, our ship of state is on the right course to navigate through that storm.

In spite of national trends, here in Illinois, we have made real progress for people. Over the last four years, we led the Midwest in job creation; we raised the minimum wage twice, more than three quarters of a million people have gotten health care, including All Kids. We are the first state in the nation to create a fund to help families keep their homes. We put a record amount of money in our public schools without raising taxes on people and, most recently, Illinois became the only state in the nation where a senior citizen can ride the bus for free.

We have made a lot of progress for people. But make no mistake about it these are tough times. And when times are tough, I believe the best way to fight for families and fight for people is to focus on strengthening the economy.

The economy is about interest rates, inflation rates, the velocity of money and sub-prime mortgages. It is about the balance of trade and taxes, fiscal and monetary policy, the unemployment rate and more.

But, what it really comes down to is families and their economy. Today as we focus on what I believe we must do to strengthen the economy, we must never lose sight of the fact that it is all about families and our ability to help them build a better, more secure life.

What I will propose today is a comprehensive approach to the economy. It will focus on three clear and achievable goals. It will be challenging. But we can do this.

A stronger economy requires an infrastructure that will support and spur growth. A stronger economy requires that families get more of their hard earned money to spend and save the way they want to. A stronger economy requires that we cut taxes for businesses that create jobs and growth. Invest in our Infrastructure. Relief for families. Tax cuts for businesses. If we make the tough choices elsewhere in our \$58 billion budget, we can do these things and strengthen our economy. And we should do it now.

My first proposal focuses on families. Why? Because our state's economy is based on the family and every month, at the kitchen table, that reality hits home with the parents as they try to balance a checkbook with all the bills their family faces. They do not need an economist to tell them the economy is in trouble. They know it. Because at the end of every month, they do not have any money left over. Our focus on the economy must always keep in mind that family. If they are stronger, our state is stronger. If they are struggling, our economy is weakened, our future diminished.

So here is what I propose: we do in Illinois what Washington just did. Help middle-class families, by giving them another \$300 tax credit for their children. This doubles the tax credit Washington just passed. Doubling the tax credit would give parents a little more money to pay for the things their kids need now, and, maybe, have a little left over to invest in their kids' future.

A Republican President and a Democrat-controlled Congress put aside their differences and came together to act quickly. If Washington can do it, we can do it. They did their share, we should do ours.

Economic experts say this is good policy. It will strengthen the economy by putting more money into the hands of families. And besides, families need it. It is hard to make ends meet these days.

When I was growing up, every hard earned penny my parents made was spent on paying the rent, feeding their children, and paying their bills. Like a lot of families, they lived paycheck to paycheck. There was no money left over for things like movies, restaurants or vacations. For my parents, life was hard but there was real opportunity. Hard work meant a better life for their kids.

But imagine how hard it is for families to make ends meet today? How can they afford to build a better life for their children when the cost of everything is going up? In the last five years, the cost of gasoline has doubled. The cost to heat your home is up more than 50%. It costs 25% more just to turn your lights on. Eggs cost twice as much. Bread costs three times as much. And a gallon of milk is a dollar more than it was a few years ago.

Wages do not keep pace. And leaders at every level of government keep talking about raising taxes on people. Enough is enough. The middle class is getting squeezed. They are doing their part. They are working longer and harder than ever before. But they are finding it harder and harder to make ends meet and provide for their families. Let's help those families and let's do it now.

So, I am asking you to immediately pass this child tax credit. Let's give parents the help they need as they work and raise their kids. So let's strengthen our economy by helping families. And let's strengthen our economy by helping businesses.

I propose we cut taxes on businesses by 20%. Cut taxes, that is, on those businesses that actually pay taxes. Now last year I proposed the GRT, designed in part, to make our tax system more fair. I didn't believe then, and I don't believe now, that 20% of business in Illinois should pay 96% of corporate taxes. The tax system in Illinois is loophole-ridden, outdated and unfair. I believe it actually stifles economic growth.

But I am not asking you to do that again. What I am asking you to do, is to cut taxes on those businesses that are paying more than their fair share. They are driving our economy. They are small. They are mid-sized. They are start-ups. They are family owned. They are the few big corporations that actually do pay corporate income taxes. They are meeting their responsibilities and, most importantly, they are creating jobs.

When times are tough it is hard for businesses to keep people on their payroll. Cutting taxes on those businesses will allow them to invest more, stimulate the economy, keep people working and put more people to work.

Cutting taxes on business is a way to strengthen the economy through the private sector. But we should also strengthen the economy through the public sector. I know I am not alone when I say, it is about time we pass a capital bill.

Let's pass a capital bill. Let's make those necessary investments in our aging infrastructure. Let's make our bridges safe. Let's repair our roads. Let's build schools. Let's put people to work. And let's put an end to the delays, the excuses, and the poison pills.

How is it that virtually everybody here says they support a capital bill that will create jobs, but you have yet to send me something I can sign? Actions speak louder than words. Act and send me a capital bill that I can sign.

And here's why: in a global economy with national economic forces, when so much of the economic activity that affects us here in Illinois is out of our control, the single most direct thing we can do at the state level to create jobs, is to invest in our infrastructure and invest in a public works jobs program. If the Bush administration can invest billions in the re-building of Iraq, the least we can do is to invest to re-build Illinois.

Those of us who are Democrats; those of us who are the descendants of Franklin Roosevelt; those of us who philosophically believe that it's the proper role of government to put people to work through public works programs, especially during hard economic times; and for those of us, the Democratic Governor, the Democratic Senate and the Democratic House – this should not be hard to do.

And we Democrats are not alone. The two Republican leaders, and I believe most rank and file Republican members, have joined us in our call to invest in our infrastructure and pass a capital bill. In fact, I think our Republicans colleagues are just as enthusiastic as we Democrats say we are. The stars are perfectly aligned and we have a golden opportunity. Let's seize this opportunity and strengthen our economy.

I like the idea of a capital bill of the size and scope I am proposing because first and foremost, it means that we will put more than 700,000 people to work. More than 700,000 jobs. Good jobs. Jobs that pay good wages. Jobs that have good benefits. Jobs that help families. Jobs that help businesses. Jobs that strengthen our economy. And jobs that do the work that needs be done.

There are bridges across Illinois that desperately need to be fixed. There are bridges that need to be built. There are roads in each of your districts that need to be repaired. And there are too many of our school children trying to learn their lessons in classrooms that are overcrowded, or going to school in buildings that are old and crumbling and not good places to learn. Let's build them good places to learn.

And speaking of good places, I think Chicago is a great place to host the Olympics in 2016. Strengthening Chicago's infrastructure strengthens Chicago's bid to get the Olympics. Let's pass a capital bill, let's help Chicago win the Olympics.

It has been nine years since Illinois has had a major plan to invest in our infrastructure. And there are millions of Federal funds waiting to be matched by State dollars. If you do not act, that money will be left on the table and we will miss this summer's construction season. So I am asking you to pass a capital bill and I am asking you to get it done now.

How do we get it done? I am flexible. I am convinced we can find common ground; that old options and new approaches can and should be put on the table. But because I want to help, and not hurt families, I will not raise taxes on people. There are other ways to achieve our goals.

Last year, many of you proposed expanding gaming in Illinois as a way to invest in our infrastructure. I was, in the spirit of compromise, open to that idea. But after months of haggling, pretending, poison pills, and no results, let me suggest another way.

I am proposing a multi-faceted approach that centers around private investment in the Lottery. It is a fiscally sound idea. And if linked to a capital bill, it is an idea that could easily pass. It would preserve current education funding, and the proceeds from the

Lottery - along with other funding mechanisms - will allow us to fund a \$25 billion capital bill. This proposal is the same size and scope as the State Senate passed last September with bipartisan support.

I am appointing a team of business, labor and government leaders to join with me and the other legislative leaders to immediately begin work on passing a comprehensive capital bill. I am inviting the members of this working group to be as much a part of the process of passing a capital bill as the Governor, the Legislative leaders, and the members of the General Assembly. These leaders know we need to act now to strengthen the economy. We know it too.

The idea of giving parents more money to help pay for the things their kids need is exciting. The idea of cutting taxes on businesses, that are already paying more than their fair share, is good policy. The idea of a major public works program that puts hundreds of thousands of people to work, in every part of Illinois, what is not to like?

All of this is a way forward to help families and strengthen our economy. But like most things in life, nothing good worth doing comes without some sacrifice. To give families and businesses more of their money back, we have to cut spending. These spending cuts will allow us to cut taxes and get the economy moving.

The sacrifice I am suggesting is a 3% spending cut across the board, in areas outside health care, education, and public safety. I am also proposing that we cut more pork, consolidate more administrative functions and close unnecessary facilities.

By cutting spending and eliminating pork we can afford to give the people more of their money back and afford to cut taxes on business. If we manage our budget in tough but clear-eyed ways, we can move, and move quickly, on strengthening our economy. And by strengthening our economy, we also strengthen our State Budget.

There are, of course, other important priorities of government. We will continue to fund and support our state police. We will continue to provide critical social services to protect children, seniors and help families in need. We will fund our schools and continue to work for higher standards and accountability. And, without question, we will continue on our important mission to provide affordable, quality health care for all.

To my fellow Democrats, who the people have entrusted to run state government, we need to make good on our campaign promises to pass legislation that provides access to health care to all the citizens of Illinois.

The Democratic Party platform of Illinois states that health care is one of the most critical issues facing families. Senator Obama is running for President on the platform of providing health care to all Americans.

I am calling on the Democratic leaders, to join Senate President Jones and me and do what our party platform pledges, and expand access to health care to all of the citizens of Illinois.

We all know the urgent tasks that lie ahead. We have a deadline. It is real. It is the deadline that every week, a family faces, when balancing a paycheck against the cost of gas, electric rates, food prices and an economy that is faltering.

Build our infrastructure. Give families more of what they have earned and now need. Help businesses by cutting their taxes so they can create jobs.

These actions by us, now, will strengthen our economy, now. The economy needs our attention. Time marches on and unless we act, a recession will deepen, the hurt will spread and real people will pay the price. It is time to strengthen our economy.

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